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Message Text

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63
ACTION ARA-17

INFO OCT-01 ADP-00 IO-12 CIAE-00 INR-10 NSAE-00 RSC-01

EB-11 COME-00 OMB-01 TRSE-00 AID-20 OPIC-12 DODE-00

PA-03 USIA-12 PRS-01 AGR-20 L-03 RSR-01 /125 W
---------- 023351
P 250049 Z APR 73
FM AMEMBASSY MEXICO
TO SECSTATE WASHDC PRIORITY 5548

UNCLAS MEXICO 2768

E. O. 11652: N/ A
TAGS: EAID
SUBJ: MEXICAN ASSISTANCE TO OTHER COUNTRIES

1. MEXICAN ASSISTANCE AS DONOR COUNTRY TO LDCS HAS BEEN MODEST. DIRECTORATE GENERAL OF TECHNICAL COORDINATION IN FOREIGN OFFICE WAS SET UP IN SEPTEMBER 1971 UNDER LIC. SANTIAGO MEYER PICON TO COORDINATE BOTH EXTERNAL MEXICAN AID AND TECHNICAL ASSISTANCE FROM ABROAD WHICH MEXICO RECEIVES(SEE MEXICO A-429 OF 7/24/72). THIS OFFICE HAS NO FUNDS OF ITS OWN AND SIMPLY ACTS AS COORDINATING AGENCY ON TECHNICAL ASSISTANCE MATTERS. ACTUAL FUNDING IS PROVIDED BY OTHER GOM AGENCIES, SUCH AS CONACYT (THE NATIONAL COUNCIL ON SCIENCE AND TECHNOLOGY).

2. MEYER PICON INFORMED EMB OFF ON APRIL 24 THAT HIS OFFICE WAS BEGINNING TO ATTEMPT TO PREPARE COORDINATED COUNTRY PROGRAMS OF MEXICO' S EXTERNAL TECHNICAL AID, AND THAT PILOT STUDY WAS BEING DONE ON EL SALVADOR, WHICH IS RECIPIENT SUCH GOM AID AS 20 SCHOLARSHIPS FOR SALVADORANS TO STUDY IN MEXICO-- FUNDED BY CONACYT. THIS PILOT STUDY IS NOT COMPLETED, BUT DRAFT MIGHT BE AVAILABLE LATER THIS WEEK. EMBASSY WILL TRANSMIT FURTHER DETAILS EL SALVADOR PROGRAM WHEN AVAILABLE.

3. AS REPORTED MEXICO 0357, PRESIDENT ECHEVERRIA
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ANNOUNCED ON OCCASION OF JANUARY 1973 MEETING WITH SALVADORAN PRESIDENT MOLINA THAT GOM PLANNING NON-RECIPROCAL TRADE CONCESSIONS TO LA LDCS, AND PRESIDENT MOLINA REFERRED DURING COURSE MEETINGMILLION PESOS ($28.8 MILLION); 150,000 TONS SULFUR FOR 10 MILLION PESOS ($800,000); AND 100,000 TONS SUGAR AT WORLD PRICES. COTTON SALES TO BE OVER FOUR- YEAR PERIOD. ALSO, AGREEMENT PROVIDES THAT PRC MARKET WILL BE OPEN TO FOLLOWING ADDITIONAL MEXICAN PRODUCTS: GRAINS, SEEDS, HENEQUEN, CHEMICAL AND PHARMACEUTICAL PRODUCTS, FERTILIZERS, ALL TYPES OF MACHINERY, TRANSPORTATION EQUIPMENT, MINERALS, CLOTHING, TEXTILES, LEATHER, AND ELECTRICAL APPLIANCES.

4. PRC SALE SPECIFIED IN AGREEMENT IS PRINCIPALLY RICE, BUT MEXICAN MARKET TO BE OPEN TO IMPORTS FROM PRC OF SILK, BROCADE, MUSICAL INSTRUMENTS, ANIMAL SKINS AND LEATHER, WOOL, CHEMICAL PRODUCTS, MEDICINES, MACHINERY, AND PAPER, AS WELL AS OTHER FOOD PRODUCTS.

5. AGREEMENT ALSO PROVIDES FOR JOINT COMMISSION TO MEET ANNUALLY TO REVISE AND INCREASE LIST OF PRODUCTS SUSCEPTIBLE TO TRADE. IN ADDITION, MEXICO AND PRC AGREED TO CULTURAL, SCIENTIFIC, AND TECHNOLOGICAL EXCHANGE. ACCORDING TO NOVEDADES, CHIAPAS GOVERNOR
MANUEL VELASCO SUAREZ, WHO JOINED PRESIDENT ECHEVERRIA' S PARTY IN PEKING, ANNOUNCED ON APRIL 20 THAT MEXICO AND PRC HAD AGREED ON JOINT INVESTMENT VENTURES FOR ASSEMBLY OF LIGHT TRUCKS NEAR PEKING AND IN STATE OF CHIAPAS NEAR PUERTO MADERO. VOLKS-WAGEN IN PUEBLA REPORTEDLY WILL PRODUCE ENGINES AND OTHER KEY COMPONENTS WHILE SOME SIMPLER PARTS WILL BE PRODUCED IN CHIAPAS, CREATING 300 JOBS THERE. THIS PRODUCTION WILL BE EXPORTED TO PRC FOR ASSEMBLY UNDER ABOVE OPERATION.

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6. COMMENT: IN 1971 (LAST YEAR FOR WHICH DETAILED BREAKDOWN AVAILABLE), MEXICAN EXPORTS TO THE PRC WERE APPROXIMATELY $4.9 MILLION (ENTIRELY COTTON), WHILE IMPORTS WERE NEGLIGIBLE. REPORTED (AND PROBABLY ERRONEOUS) FIGURES WOULD INDICATE SULFUR PRICE OF $5.33 PER TON, WHICH IS CONSIDERABLY OUT OF LINE WITH BOTH WORLD MARKET PRICES AND MEXICO DOMESTIC PRICE, WHICH HAS BEEN SET AT $22.40 FOR YEARS. MEXICO A-78 OF FEBRUARY 21 REPORTED ON FIRST SHIPMENT OF SULFUR TO PRC.

7. ACCORDING APRIVATE TRADE SOURCES, COTTON AGREEMENT IS FOR ONLY TWO YEARS, WITH 90,000 BALES TO BE SHIPPED IN BOTH 1973 AND 1974. MEXICO IS MAJOR COTTON EXPORTER AND SOLD PRC 95,000 BALES IN 1972 (MEXICO 6265, 11/3/72), AND THUS APPEARS ABLE SUPPLY THIS AMOUNT.

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HOWEVER, TRADE SOURCE STATES THAT AGREEMENT AS TO PRICE AND QUAL-
ITY HAS BEEN ACHIEVED ON ONLY 10,000 TONS, WITH BALANCE STILL TO
BE NEGOTIATED. SALE ANNOUNCED AT THIS TIME FOR POLITICAL REASONS,
AND BECAUSE ALEJANDRO RODRIGUEZ PAREDES, DIRECTOR GENERAL OF
ALGODONERA COMMERCIAL MEXICANA (FIRM WHICH IS SELLING COTTON),
HAD FLOWN TO PRC WITH PRESIDENT ECHEVERRIA. IN EXCHANGE, PRC
WANTS TO EXPORT FINISHED GOODS, ESPECIALLY TEXTILES.

8. IT APPEARS DOUBTFUL THAT MEXICO WILL IN FORESEEABLE FUTURE
HAVE ANY SUGAR SURPLUS ABOVE DOMESTIC NEEDS AND U. S. SUGAR QUOTA.
LIC. EZEQUIEL PADILLA, EXPORT MANAGER OF GOM UNION NACIONAL DE
PRODUCTORES DE AZUCAR, TOLD AGRICULTURE ATTACHE THAT FOREIGN
OFFICE HAD ASSURED HIM THAT AGREEMENT WAS IN GENERAL TERMS AND
WOULD TAKE EFFECT ONLY IF MEXICO HAD SURPLUSES ABOVE DOMESTIC
NEEDS AND U. S. QUOTA. PADILLA ADDED THAT HE HAD DISCUSSED MATTER
WITH RABASA PRIOR TO LATTER' S DEPARTURE ON PRESIDENTIAL TRIP,
AND THAT RABASA HAD EXPRESSED HIS AGREEMENT WITH MEXICO' S POLICY
OF CONTINUING TO FULFILL U. S. QUOTA DESPITE FACT THAT WORLD PRICES
ARE CURRENTLY HIGHER. PADILLA THUS DOES NOT ANTICIPATE SUGAR
SHIPMENTS TO PRC BARRING UNEXPECTED PRODUCTION INCREASES.

9. DESPITE REPORTS THAT PRC MARKET WILL BE OPEN FOR MEXICAN
SALES OF GRAIN, IT SEEMS UNLIKELY THAT GRAIN SHIPMENTS WILL BE
SIGNIFICANT. ONLY GRAIN WHICH MEXICO PRODUCES IN SURPLUS IS CORN,
BUT SINCE GOM WISHES TO STIMULATE MEXICO' S GROWING FEED INDUST-
RY, EMBASSY DOUBTS THAT GOM WILL ENCOURAGE SIGNIFICANT CORN EX-
PORTS. IN ANY CASE, THIS IS A POOR YEAR FOR GRAIN PRODUCTION
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(MEXICO IMPORTING OVER ONE MILLION TONS IN 1972-73), SO EXPORTS
FOR THIS YEAR AT LEAST ARE OUT OF QUESTION.

10. RE PRC EXPORTS TO MEXICO, SOURCE IN GOM BASIC COMMODITIES
AGENCY (CONSSUPO) TOLD AGRICULTURE ATTACHE THAT CONASUPO
INTENDS TO IMPORT 30,000 TONS OF RICE LATER IN 1973, BUT THAT
DESPITE ANNOUNCEMENT IN PEKING, NO DECISION HAD YET BEEN MADE
TO BUY RICE FROM PRC. MEXICO IS A SIZEABLE MARKET FOR HIDES,
SKINS, AND WOOL.

11. IN LIGHT OF ABOVE, EMBASSY BELIEVES THAT WHILE MEXICAN TRADE
WITH PRC IS GROWING, IT WILL NOT IN NEAR FUTURE GROW TO PROPORT-
IONS INDICATED IN PRESS REPORTS.
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